

Money and Mental Health's submission to Ofgem's consultation on Consumer Vulnerability Strategy Refresh

Introduction

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works. Everything we do is rooted in the lived experience of our Research Community, a group of thousands of people with personal experience of mental health problems.

This written submission has been informed by the experiences of our Research Community, as well as our wider body of research.¹ Unless otherwise specified, all quotes in this response are drawn directly from the Research Community.

Background

- In any given year, one in four people will experience a mental health problem which affects their cognitive and psychological functioning.² Over a lifetime, this proportion rises to nearly half the population.³ However, we do not always know when we are unwell, or receive treatment. Over a third (36%) of people with a common mental disorder have never received a diagnosis, and 62% are not currently receiving treatment.⁴
- Common symptoms of mental health problems, like low motivation, unreliable memory, limited concentration and reduced planning and problem-solving abilities, can make managing money and interacting with essential service providers significantly harder.⁵ As a result, it is estimated that people with mental health problems pay up to £1,550 more per year for essential services than people without mental health problems.⁶
- Customers can often be unaware of the support that essential service providers, like energy companies can offer. For example, fewer than three in ten people with mental health problems have been told what additional support their essential services provider can offer to customers with mental health problems.⁷

¹ For example, Holkar M, Evans K and Langston K. [Access Essentials](#). Money and Mental Health Policy Institute. 2018; Holkar M. [Time to act](#). Money and Mental Health Policy Institute. 2022.

² McManus S et al. [Adult psychiatric morbidity in England, 2007. Results of a household survey](#). NHS Information Centre for Health and Social Care. 2009.

³ Mental Health Foundation. [Fundamental facts about mental health](#). 2016.

⁴ McManus S et al. [Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014](#). NHS Digital. 2016.

⁵ Holkar M. [Seeing through the fog: how mental health problems affect financial capability](#). Money and Mental Health Policy Institute. 2017.

⁶ Rogers C, Poll H and Isaksen M. [The mental health premium](#). Citizens Advice. 2019.

⁷ Holkar M. [Time to act](#). Money and Mental Health Policy Institute. 2022.

- People with mental health problems are three and a half times more likely to be in problem debt than those without, and half (46%) of adults in problem debt also have a mental health problem.⁸

Q1. Do you agree that we should not prioritise updating the vulnerability definition? If you disagree and think that we should update the vulnerability definition, please provide reasoning for prioritising this activity.

The current definition of vulnerability used by Ofgem includes some key elements of vulnerability, for example the risk of harm. The definition has similarities and differences to those adopted by the Financial Conduct Authority (FCA) and Ofwat, and highlights that there is no single “correct” definition. Additionally the definition has been used since 2013 and is likely to be well known in the sector.

However, as Ofgem acknowledges in the consultation document, both the nature of vulnerability and the understanding of it has evolved since 2013. If Ofgem were to update the definition, there are some areas where it could be improved. In the FCA’s definition it says that someone can be susceptible to harm particularly when “a firm is not acting with appropriate levels of care.”⁹ Someone’s circumstances don’t make them automatically vulnerable, but how a company designs services and responds to customers needs can have a significant impact. While the current Ofgem definition mentions “aspects of the market”, Ofgem could make the role of firms more explicit in the definition. Additionally, where the current definition says “significantly less able than a typical domestic consumer to protect or represent his or her interests”, there could be an addition about accessing their energy company’s services.

We understand why others have called for financial vulnerability to be included in the definition. However, at the moment the definition does allow for this as it references “a consumer’s personal circumstances” and that a vulnerable consumer is more likely “to suffer detriment or that detriment is likely to be more substantial”. Financial vulnerability could be such a circumstance and financial harm could be a detriment, as could psychological harm as a result of aggressive debt collection.¹⁰ This could be made more explicit by Ofgem in the definition, but equally the FCA does not mention financial vulnerability or harm in its definition, but includes them in guidance as examples. Ofgem should consider introducing guidance on customers in vulnerable circumstances for firms to allow for more detail. Furthermore, Ofgem will have more influence on whether firms act on financial vulnerability in policy statements, such as the Customer Vulnerability Strategy rather than in a, likely imperfect, definition. It is therefore welcome that supporting those struggling with bills remains a theme of the Strategy.

⁸ Holkar M. [Debt and mental health: a statistical update](#). Money and Mental Health Policy Institute. 2019.

⁹ FCA. [FG21/1 Guidance for firms on the fair treatment of vulnerable customers](#). 2021.

¹⁰ D’Arcy C. [Bombarded: reducing the psychological harm caused by the cost of living crisis](#). Money and Mental Health. 2022.

Beyond the definition, it was surprising to see that the section on the evolution of vulnerability in the consultation document did not mention the increasing prevalence of mental health problems, particularly in light of both the pandemic and cost of living crisis.¹¹

Q2. Do you agree with our proposals to retain the five themes?

We support the proposal to retain the five themes as they cover the key areas related to supporting customers in vulnerable circumstances.

Q3. Do you agree with our proposal to retain ‘working with partners to solve issues across multiple sectors’ as a cross-cutting theme?

We understand why Ofgem has decided to retain this theme and agree that it is both an essential element to ensuring fair and positive outcomes for vulnerable customers and something that cuts across the other themes. However, given that there aren’t any outcomes or work programmes that specifically sits below it, it might be necessary to distinguish it from the other themes. This does depend on whether Ofgem will track progress against it or not. We do not suggest that ‘working with partners’ is dropped though.

Q4. Do you agree with our proposed outcomes?

We welcome the proposed outcomes and sub-outcomes, however we think there could be some small additions. In theme 2, we support the inclusion of “compassionate and consistent support” in the summary outcome. However, we think that the summary outcome could go further by saying customers shouldn’t experience “unnecessary distress and harm”. The longer paragraph in the consultation document outlining the outcomes Ofgem wants to see should explicitly mention debt communications. Our recent work has highlighted the negative impact that debt collection activity, including communications, can have on someone’s mental health if it is not done with compassion.¹² Beyond this, we strongly support Ofgem saying it wants suppliers to be proactive in their approach to supporting customers struggling with their bills.

We welcome the outcomes that Ofgem wants to see for theme 3, including accessible services, multi-channel communication methods and staff training. It is also good that Ofgem mentions that communication should be designed to be appropriate to the needs of vulnerable customers. We think that Ofgem could go further in both the summary outcome and preceding paragraph in the consultation document by saying that both services and communications should be inclusively designed. While theme 1 is very important, current disclosure rates for mental health problems are quite low. A survey we commissioned of 5,000 people with mental health problems found that just 12% had ever disclosed their mental health problem to their

¹¹ British Medical Association. [Mental health pressures in England](#). 2024; Lellie M, O’Brien L and Hancock L. [Rising ill-health and economic inactivity because of long-term sickness, UK: 2019 to 2023](#). Office for National Statistics. 2023.

¹² D’Arcy C. [Bombarded: reducing the psychological harm caused by the cost of living crisis](#). Money and Mental Health. 2022.

energy company.¹³ Furthermore, not everyone will disclose their needs to their energy company due to different barriers like concern over how the data will be used and thinking it would not make a difference to how they are supported.¹⁴ Therefore it is imperative that services still work well for these customers.

Additionally, while we welcome that the summary outcome for theme 3 says vulnerable customers should “not face exclusion based on their circumstances”, we think this could also say that vulnerable customers should experience a level of service and outcomes just as good as those not in vulnerable circumstances.

We also believe that sub-outcome 1 should be broadened to say that customers should not be excluded due to inaccessible communication channels or a lack of a choice of accessible channels. Our past research has shown that people with mental health problems can find it very difficult to use certain communication channels, like the phone.¹⁵ While there has been a growth in the channels available, the phone often remains the main or only channel in key situations like being behind on bills. It is welcome that the longer paragraph in the consultation document says “multi-channel communication methods should be adopted and utilised to deliver various engagement routes for customers” and the summary outcome says customers should “not face exclusion based on their circumstances.” Our suggested addition to include communication channels as a potential barrier would bring these two together to highlight that exclusion could be based on a lack of multi-channel access.

Q5. Do you have any comments on our definitions of success or metrics to monitor progress and delivery of the outcomes?

Overall, we think that Ofgem has identified the right definitions of success and metrics. However, in a few places, we think Ofgem should expand these. For example, while measuring the number of customers on PSRs can be a helpful way to understand if there has been increased awareness of support services, it misses the experience of customers. Companies may sign more customers up to support, but if customers don’t receive improved service as a result or still experience harm, then this is not a success. This is partly covered in theme 3, but we believe Ofgem should try to track outcomes for those who have been signed up to the PSR. For example, through consumer research, such as surveying a random sample of customers on the PSR. Moving forward, Ofgem should consider if this could be captured through social obligations reporting.

Beyond this, how the PSR is currently set up is not the best way to deliver good outcomes for customers in vulnerable circumstances. The PSR has traditionally focused on a loss of supply and the needs of those with physical disabilities or hearing and visual impairments. The needs codes have been broadened over time to include reasonable adjustments that can be beneficial

¹³ Bond N and D’Arcy C. [The state we’re in](#). Money and Mental Health Policy Institute. 2021.

¹⁴ Fitch C, Holloway D and D’Arcy C. [Mental health disclosure guide one: Disclosure environments](#). Money and Mental Health Policy Institute. 2022.

¹⁵ Holkar M, Evans K and Langston K. [Access Essentials](#). Money and Mental Health Policy Institute. 2018.

for people with mental health problems, like password schemes and bills sent to third parties. However, testimony from some Research Community members suggests there is still a perception that the PSR is primarily for people with additional physical needs and not relevant for people with mental health problems. Given a key part of the Customer Vulnerability Strategy is accessing services rather than a more traditional view of needing support in emergency situations, we would support Ofgem reviewing the PSR.

“There should be awareness of the customers who have mental health issues. I thought the Priority Services Register was for people with medical needs i.e. sleep apnea.”

Expert by experience

“I have heard of this [the PSR] but thought it was for elderly people or people whose essential health equipment runs on electricity and are therefore more vulnerable”

Expert by experience

The focus on uptake rather than experience is also relevant for the other elements of theme 1 - data sharing between energy and water companies, and the development of a multi-sector PSR. We welcome and support both of these aims. However, while the delivery of them is helpful to track, it is important to go beyond this to understand the experiences and outcomes of customers in vulnerable circumstances. For example, were customers happy with how their data was shared or have they seen a benefit as a result of the data sharing? Additionally we think customers in vulnerable circumstances should be at the heart of these developments and, while this is a technical project, it should be as inclusively designed as the innovative solutions captured in theme 4. We have recently started a new project on data sharing and are aiming to understand the views of people with mental health problems. We would be keen to work with Ofgem as part of this process.

For theme 2, we think that Ofgem should consider seeing an improvement in the experiences of those behind on bills as a definition of success. Correspondingly Ofgem should measure the experience of those behind on bills to track whether they feel they are being supported by their provider and not experiencing unnecessary harm. This could be done through consumer research.

Additionally, we believe that Ofgem should try to measure whether customers in vulnerable circumstances are not facing exclusion (or as we've suggested, experiencing as good service and outcomes as non-vulnerable customers) as part of theme 3. For example how does experience of customer service compare between customers in vulnerable circumstances and those who are not.

Finally, we welcome the inclusion of ensuring “that consumers in vulnerable situations are no more disadvantaged than a typical domestic customer” as a success measurement for theme 4. We believe that this could be broadened slightly to look at whether outcomes for customers in vulnerable circumstances differ to those who are not. While consumer insight and behavioural science research will help Ofgem measure this, we think Ofgem could go further. As part of the

Consumer Duty, the FCA requires firms to record the outcomes of different customer groups and share it with the FCA when required. While it is beyond the scope of this consultation, we welcome Ofgem saying it will consult on potentially introducing its own Consumer Duty. When it does so, this should be an area to consider.

Q6. Do you agree with our proposals for annual supplier presentations to Ofgem on how they are delivering good outcomes for their consumers in vulnerable situations?

We support this proposal as it will increase transparency and hold suppliers more to account on their actions. We believe that it is important that consumer organisations are involved in these sessions, as well as customers with lived experience. This could be through a panel made up of customers with a range of vulnerable circumstances and who are customers of the different companies.

It would be useful to know how Ofgem will use this information as part of their monitoring and enforcement work, where it is clear that suppliers are failing to meet their obligations and customers are experiencing consistently poor outcomes.

Q7. Do you agree with our proposals for reporting the findings from these presentations, and for the inclusion of the key SOR metrics and research be included?

We also welcome this proposal in order to increase both transparency and accountability. As with the presentations, it would be useful to know how this relates to Ofgem's monitoring and enforcement work.

Q8. Do you agree with our proposals for a dedicated section on our website to inform updates for the live Strategy

We believe that this will be useful for organisations such as ourselves. We would also welcome Ofgem hosting an annual meeting to update consumer organisations and charities about the progress being made.